

## The Role and Statistics of Foreign Investment in Reducing Population Poverty

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### Abstract:

Poverty in Uzbekistan is the result of very slow economic growth over the last quarter of a century. That is, he writes that the only reason for the existence of a poor population is slow economic growth. This means that the fight against poverty should be focused on economic growth. Our poverty is not an anomalous result. It is even theoretically impossible for a country with a per capita income of less than \$2,000 a year not to have a high level of poverty. That's why we should be concerned about things that affect the size of the overall economy.

### Introduction

This means that we do not need to come up with separate programs to reduce poverty, but rather focus on economic growth. But the same idea does not apply to all countries, for example, in the United States, the measures to be taken to fight against poverty are completely different.

I usually like free trade, fair privatization, anti-monopoly laws, ensuring property corridors, creating a fair and professional judicial system, ensuring transparency of public finances, empowering the parliament to make fiscal (tax and budget) decisions, reducing the state's regulatory intervention in the economy, reducing the excessively large role of the state in the economy, ensuring the independence of the Central Bank in practice and not on paper, reforming the banking and financial system and sharply reducing the role of the state in the banking sector, carrying out administrative reforms, giving up subsidies and privileges, I write a lot about ensuring freedom of statistics and information, abandoning economic planning, and ensuring that people and money can cross borders freely.

The main idea in all this is economic growth. That is, the reforms will lead to the growth of the entire economy, and as a result, poverty will also decrease. Needless to say, if we continue to grow at a slower rate than the average world GDP, it will be difficult for us to catch up.

The average world income before the pandemic was around \$11,000 (2018), and the world was growing at 1.9% per capita. This means that the average income in the world was growing by 210 dollars.



In Uzbekistan, the growth per person in 2018 was 3.3 percent, and the GDP was 1532. This means that the average income per person increased by only 47 dollars per year. Holding the dollar constant, the world's average income growth picture was almost 5 times our average income growth picture.

These are the numbers for 2018 — I'm using this as an example of our nearly fastest growing year in recent history, to show that we grew relatively slowly even in our best years (don't give me an example of 2008-2016, de facto growth was slow at that time, the numbers are drawn). The bottom line is that the only way we can reduce poverty is to implement reforms that are necessary, but very painful and require a lot of political will. Without economic reforms, current efforts to reduce poverty are like diverting resources from one place to another. Because in the end, resources will not increase in the economy.

In order for resources to increase in the economy, additional value must be created. In order to create additional value, people need to be sure that the fruits of their labor are in their hands, not on paper, but in reality. In other words, in societies where the property corridor is ensured, where there is open competition and free trade, where there is no rule of law and informal procedures, and where disputes are resolved through a fair and professional court, people enjoy the fruits of their labor. They believe that it is there. That is, added value is created in such a society. In order for this to happen in our country, it is necessary to carry out institutional reforms, which everyone knows.

What is focused on reducing poverty in Uzbekistan?

The year 2020 is special for Uzbekistan not only because of the pandemic, but also because for the first time in the country's history, the concept of poverty was recognized at the level of the head of state, and this direction became the main agenda of the socio-economic policy. "Daryo" in cooperation with the Ministry of Economic Development and Poverty Alleviation tells about the work done in this direction and future plans in the country.

In 2020, the following main strategic directions of poverty reduction tools were put into practice in Uzbekistan. In this, three tools are used, which are widely used in the world experience, such as creating a permanent source of income for poor families, improving the quality of human capital, and direct support.

At the same time, last year, the scope of allocating allowances and financial assistance to low-income families in need of social assistance was increased. In particular, the number of families receiving child care benefits and financial assistance doubled at the end of last year compared to the beginning of the year, from 600,000 to 1.2 million.

Thirdly, on the basis of proposals and recommendations of international organizations such as the World Bank and the United Nations Development Program, measures are being taken to implement the procedure for calculating the value of the population's minimum consumption expenses. This methodology is one of the important levers in the social protection of the population in Uzbekistan and is used to define social standards. Fourthly, in order to define the strategic goals of reducing poverty in the medium and long term, together with the experts of the World Bank and the United Nations Development Program, the project "Strategy for



reducing poverty in Uzbekistan until 2021-2030" was developed and submitted to public discussion. was placed.

The document envisages a comprehensive approach to reducing poverty in the republic, and implementation of measures within the following priorities:

- further improvement of the existing system by increasing the type of assistance and services provided to the needy population and improving their quality;
- to further reduce the level of poverty by constantly improving new methods and mechanisms of social protection of the needy stratum of the population;
- to develop human capital and achieve full use of health services by increasing the opportunities for quality and continuous education of the needy strata of the population;
- introduction of modern mechanisms to increase the employment of the poor population, especially women and youth, by launching new unused resources in regions and economic sectors;
- to ensure the effectiveness of the measures implemented by the government and the activities of state and non-state organizations directly related to poverty reduction;
- to improve the housing conditions of the poor population in the regions, to increase the level of use of communal services, engineering infrastructure objects.

Future priorities for poverty reduction

The State Program for 2021 sets priorities for economic development, including reducing poverty and creating a foundation for long-term sustainable economic growth. Including:

a) starting from July 1, 2021, in order to expand the opportunities to engage in farming for families with unemployed members and included in the "Iron Register", "Women's Register" and "Youth Register":

- allocation of 10 to 1 hectare of newly acquired, dry, unused land for farming;
- provision of allocated land areas with an irrigation system (artesian wells, drip irrigation, etc.) and electricity;
- allocation of subsidy for the development of the given land (land plowing, purchase of seeds, etc.) is determined.

At the same time, by April 1, 2021, the task of establishing a system of assistance to needy families to engage in farming based on the opportunities and direction of development of each district was envisaged.

b) Another important aspect is that unemployed citizens who want to start entrepreneurship and self-employment, including citizens included in the "Iron Register", "Women's Register" and "Youth Register", need to start their activities. The practice of allocating subsidies of up to 7 million soums for the purchase of equipment and labor tools has been established, thereby providing these segments of the population with initial capital for business.

v) For the first time in the history of Uzbekistan, the practice of announcing the national poverty line — the minimum consumption expenditure of the population — has been established, and this indicator is used as an effective tool for conducting social policy. Together with this, social guarantees will be brought into one system, and they will gradually be brought to the level of minimum standards.



g) The work started in 2020 will be logically continued on the assessment of the actual situation in the regions regarding poverty reduction, improvement of the system of monitoring the implementation of the works being carried out. In particular, the mayor of each district and city will develop a targeted program to reduce poverty in his area, and a system will be introduced to report on its implementation to the public quarterly through local councils and the mass media.

## Literature

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